HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Prince Edward Island Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Spring 2011

Figure 1

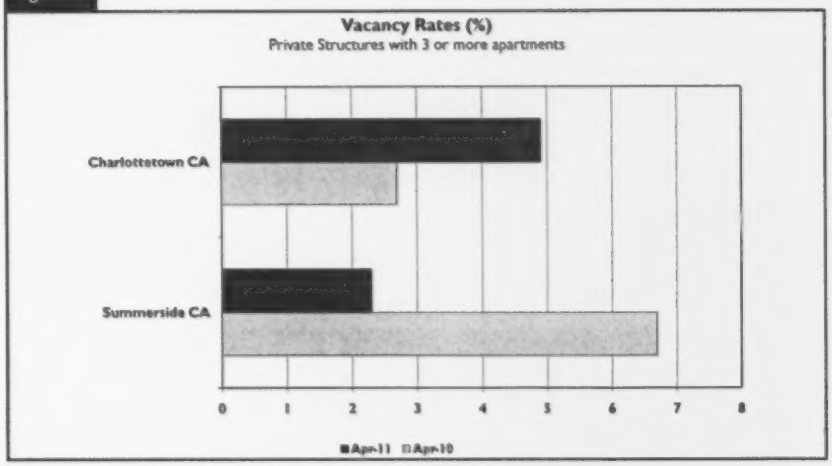
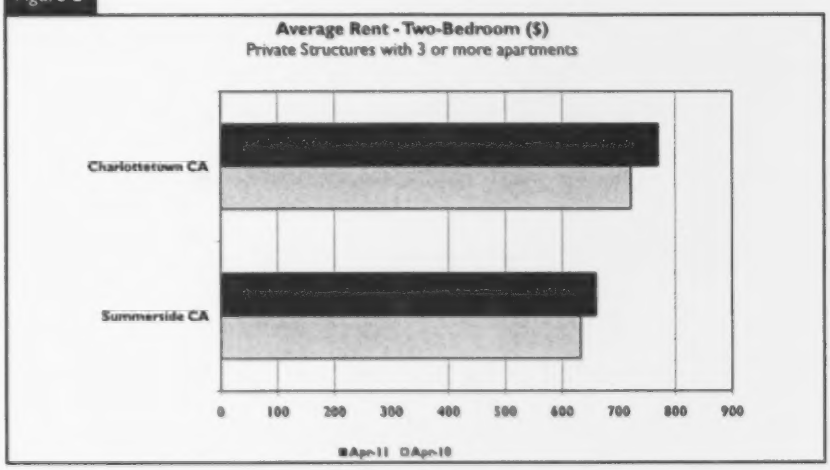


Figure 2



Modest Increase in Island Vacancy Rate

- The overall vacancy rate in Prince Edward Island's urban centres stood at 4.5 per cent in April 2011, compared to 3.3 per cent in April 2010.
- At 4.9 per cent, the Charlottetown area posted a higher vacancy rate than the provincial average.
- The average two-bedroom rent in Charlottetown was $770, compared to the provincial average of $752.

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Overview

Results from Canada Mortgage and Housing Corporation's 2011 Spring Rental Market Survey revealed that the vacancy rate[1] for provincial urban centres[2] increased to 4.5 per cent in April 2011 from 3.3 per cent during the same period last year. Results for the two major urban centres were very different in that the vacancy rate in Charlottetown increased while Summerside experienced a decline.

In Charlottetown, the overall vacancy rate rose to 4.9 per cent this spring from 2.7 per cent during the same period last year. In terms of unit types, the vacancy rate for two-bedroom units, which make up the vast majority of the rental market, increased to 4.6 per cent in April 2011 from 2.7 per cent in the spring of 2010. The Charlottetown housing market recorded a significantly higher than average level of rental unit construction during both 2009 and 2010. Rental starts reached 255 and 191 units in 2009 and 2010, respectively. This is well above the ten-year average of 110 units for rental unit starts. With the majority of these units coming to market in 2010 and early 2011, the vacancy rate has begun to rise in the Charlottetown area. This most recent cycle of residential rental construction was encouraged mainly by low interest rates, positive migration, and low vacancy rates. Migration has played a large role, as the area has been attracting around 1,500 new international immigrants on an annual basis.

The spring 2011 vacancy rate in Summerside fell to 2.3 per cent from 6.7 per cent during the same period last year. The drop in the vacancy rate in Summerside was the result of decreased rental construction over the past year, combined with steady demand.

In April 2011, the overall average rent in the Charlottetown area was $721, while the average two-bedroom rent was $770. In Summerside, the overall average rent was $635 compared to the two-bedroom average of $660.

Overall average rent for the urban centres in Prince Edward Island increased 2.4 per cent, based on structures common to both the 2010 and 2011 spring surveys[3]. The increase was not unexpected as the Island Regulatory and Appeals Commission (IRAC), which manages residential rental increases, allowed an increase of 2.0 per cent for both heated and unheated units during 2010. The allowable rent increases for 2011 are 2.0 per cent for heated units and 1.0 per cent for unheated units.

Availability Rates

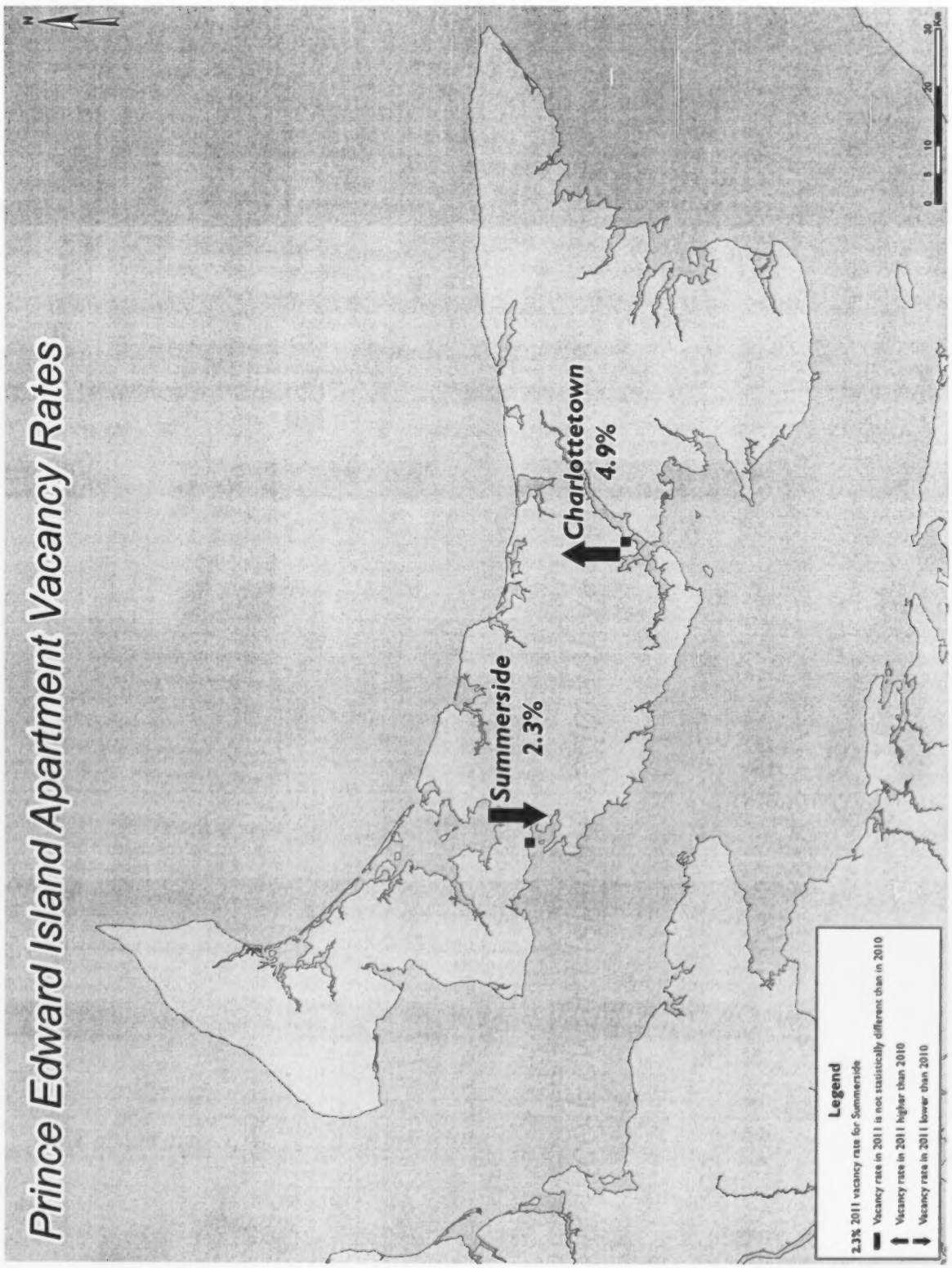
In addition to the vacancy and rent data that is collected each year as part of the Rental Market Survey, landlords and property managers were asked about rental unit availability.

The availability rate for the urban centres in Prince Edward Island increased to 5.6 per cent this spring from 4.2 per cent in April 2010. Summerside posted a lower rate of 2.6 per cent, which was a significant decline of 4.4 percentage points from the 2010 level. In comparison, Charlottetown reported a large increase in availability rates, rising to 6.1 per cent compared to 3.7 per cent for the same period in the previous year.

[1] Based on privately-initiated rental apartments structures of three or more units.

[2] Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

[3] When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2010 and 2011 Spring rental market surveys, we can get a better indication of actual rent increases paid by most tenants.


Prince Edward Island Apartment Vacancy Rates
N
Summerside
2.3%
Charlottetown
4.9%
0 5 10 20 30 Km
Legend
2.3% 2011 vacancy rate for Summerside
Vacancy rate in 2011 is not statistically different than in 2010
Vacancy rate in 2011 higher than 2010
Vacancy rate in 2011 lower than 2010

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11
Charlottetown CA	4.8 d	**	2.1 c	4.8 c	2.7 b	4.6 b	**	**	2.7 a	4.9 b
Summerside CA	**	0.0 a	5.0 c	**	7.0 b	3.0 b	9.0 a	0.0 d	6.7 b	2.3 b
Prince Edward Island 10,000+	**4.5 d**	**	**2.4 b**	**4.4 c**	**3.5 b**	**4.3 b**	**	**	**3.3 b**	**4.5 b**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b-Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11
Charlottetown CA	484 a	434 b	574 a	604 a	722 a	770 a	859 b	888 b	676 a	721 a
Summerside CA	473 b	494 a	525 a	515 a	633 a	660 a	685 a	703 b	615 a	635 a
Prince Edward Island 10,000+	**483 a**	**440 b**	**568 a**	**594 a**	**707 a**	**752 a**	**802 a**	**838 b**	**666 a**	**708 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b-Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2011 by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Charlottetown CA	**	129	53 c	1,117	127 b	2,751	**	195	205 b	4,192
Summerside CA	0 a	14	**	133	16 b	538	0 d	70	17 b	755
Prince Edward Island 10,000+	**	143	55 c	1,250	143 b	3,289	**	265	222 b	4,947

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11	Apr-10	Apr-11
Charlottetown CA	5.7 d	**	2.8 b	5.9 c	3.8 c	5.8 b	**	**	3.7 b	6.1 b
Summerside CA	**	0.0 a	5.7 c	**	7.2 b	3.4 c	9.0 a	0.0 c	7.0 b	2.6 b
Prince Edward Island 10,000+	5.4 d	**	3.2 c	5.4 c	4.4 b	5.4 b	**	**	4.2 b	5.6 b

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type
Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-09 to Apr-10	Apr-10 to Apr-11	Apr-09 to Apr-10	Apr-10 to Apr-11	Apr-09 to Apr-10	Apr-10 to Apr-11	Apr-09 to Apr-10	Apr-10 to Apr-11	Apr-09 to Apr-10	Apr-10 to Apr-11
Charlottetown CA	4.5 d	**	2.9 b	2.5 b	2.5 a	2.0 c	4.0 d	++	2.9 a	1.7 c
Summerside CA	**	5.8 a	++	**	++	**	0.2 a	**	++	5.9 c
Prince Edward Island 10,000+	**4.5 d**	**++**	**2.4 b**	**3.2 c**	**2.2 a**	**2.6 b**	**3.2 d**	**++**	**2.5 a**	**2.4 b**

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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